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United States
Department of
Agriculture

Economic
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Service

AR-6
July 1987

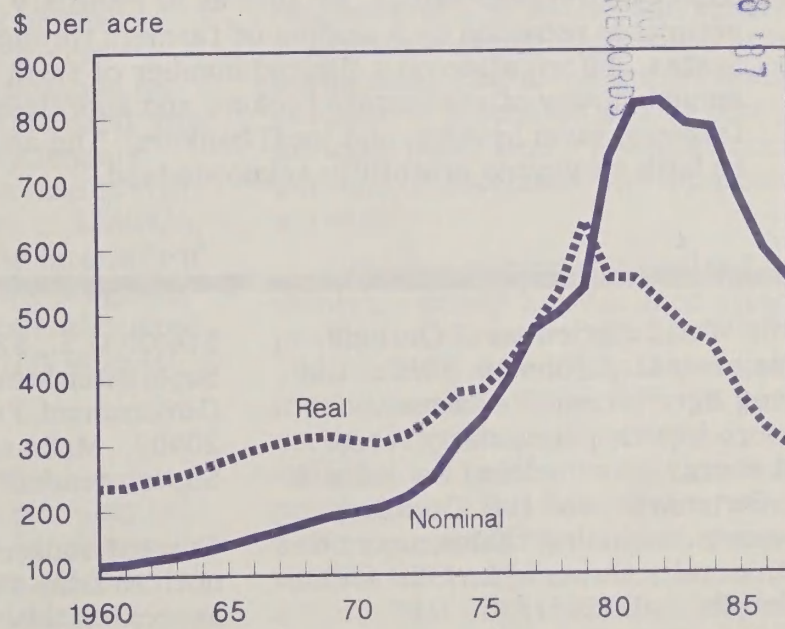
Agricultural Resources

Agricultural Land Values and Markets

Situation and Outlook Report

Received by: DAH
Indexing Branch

Real vs. Nominal Value Per Acre



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Basic data contained in this report were obtained from two main sources. Average values per acre as of February 1 are based on estimates provided by a sample of farmers throughout the United States. Information on a limited number of farm sales is provided by an annual survey of real estate brokers and appraisers, county officials, farmers, farm lenders, and local bankers. The assistance of respondents to both surveys is gratefully acknowledged.

Approved by the World Agricultural Outlook Board. Summary released June 16, 1987. The next summary of *Agricultural Resources*, which will feature inputs, particularly farm machinery and energy, is scheduled for release on August 13. Summaries and full Situation and Outlook reports, including tables, may be accessed electronically through the USDA EDI system. For details, call (202) 447-5163.

Agricultural Resources Situation and Outlook is published quarterly. Annual subscription:

\$16.00 U.S., \$20.00 foreign. Order from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. Make checks payable to the Superintendent of Documents.

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SUMMARY

After falling for 5 straight years, U.S. land values showed some stability in early 1987. Surveys taken since February indicate that the downturn may have been halted. A May 1 survey of rural appraisers and several surveys by Federal Reserve Banks in April noted a leveling in values in areas where values were still falling late last year. As of February 1, 1987, the value of U.S. farm and ranch land averaged \$548 an acre, down from \$595 a year earlier and 33 percent below the 1982 peak of \$823.

Optimism about the land market stems from expectations of another year of high net cash income and low interest rates. Net cash income is expected to rise mainly because of reduced expenditures and higher Government payments, which will offset lower commodity receipts. Interest costs will decline with reduced farm debt and lower rates. Although interest rates may climb this year, they are below 1986 levels. Higher net cash income and reduced interest rates on farm mortgages will enable more farmers to finance land purchases. Also, high rent-to-value ratios may attract nonfarm investors to the farm real estate market.

The large supply of farmland on the market could put downward pressure on values. Although prices were maintained on land sold by the Farm Credit System early this year, millions of acres acquired by lenders remain to be disposed of, and new land is still being added to lender inventories. In addition, downward pressure on values could intensify if price supports or other Government programs are cut back, because much of the anticipated rise in farmers' net cash income this year is based on Government payments.

Overall, farmland values for the remainder of 1987 and early 1988 probably will continue to show stability. In the longer run, values will be influenced by technological changes and forces in the U.S. and global economy. Farmland values probably will increase somewhat toward the end of the decade, but large changes are not expected.

While the average value of U.S. land declined from 1986 to 1987, there were significant regional variations. Values continued to rise in the Northeast, particularly New Jersey and Pennsylvania, and were stable in the Southeast, but all other regions posted declines, ranging from 3 percent in the Appalachian region to 16 percent in the Delta. Louisiana and Minnesota suffered the largest losses of any States. Generally, decreases in value were proportionately larger for poor-quality land than for more productive land.

Cash rents for whole farms, cropland, and pasture declined in most States. Cropland rents were lower in all regions except the Northeast and Pacific. However, farmland values dropped more than rents in many States, and rent-to-value ratios remained high in parts of the Corn Belt, Lake States, and Northern Plains. Ratios were above 9 percent for cropland in five States.

Farmland transfers rose last year, reversing the downward trend of the past several years. Voluntary and estate sales accounted for the largest share of transfers, but foreclosures accounted for more than a fourth of all transfers. Farmers were the largest group of buyers and sellers, although nonfarmers raised their share of both sales and purchases. Owner-operators accounted for 56 percent of purchases and 60 percent of the acreage purchased. Tenants accounted for 10 percent of purchases and 8 percent of the acreage.

The proportion of farmland transfers involving credit has declined steadily since peaking at 91 percent in 1980. From February 1986 to February 1987, 73 percent of transfers involved credit, down from 76 percent a year earlier. On average debt-financed transfers, the ratio of debt to purchase price was 77 percent, about the same as in previous years. Sellers provided the largest share of the credit used in the transfers--30 percent--and commercial banks provided 28 percent. Commercial banks raised their share of financing for the fifth straight year, while Federal land banks' share continued to decline.

OUTLOOK

Farmland values dropped 8 percent from February 1986 to February 1987, continuing the downward trend that began in the early 1980's. The 8-percent drop in value followed 12-percent average annual declines in each of the previous 2 years. Low commodity prices, continuing debt problems of some farmers and lenders, and the tendency of prospective buyers to wait for lower selling prices were the major factors in the continuing downturn, offsetting a year of relatively high farm income and decreasing interest rates.

There are signs that the market has stabilized in the past few months, especially in the Midwest. In some areas there are reported increases in value. The May 1 ERS survey of rural appraisers indicates that 57 percent believed land values did not change from February 1 through April 30, while 33 percent said values had continued to decline and 10 percent believed that values increased. In the North Central region, 69 percent believed values had stabilized.

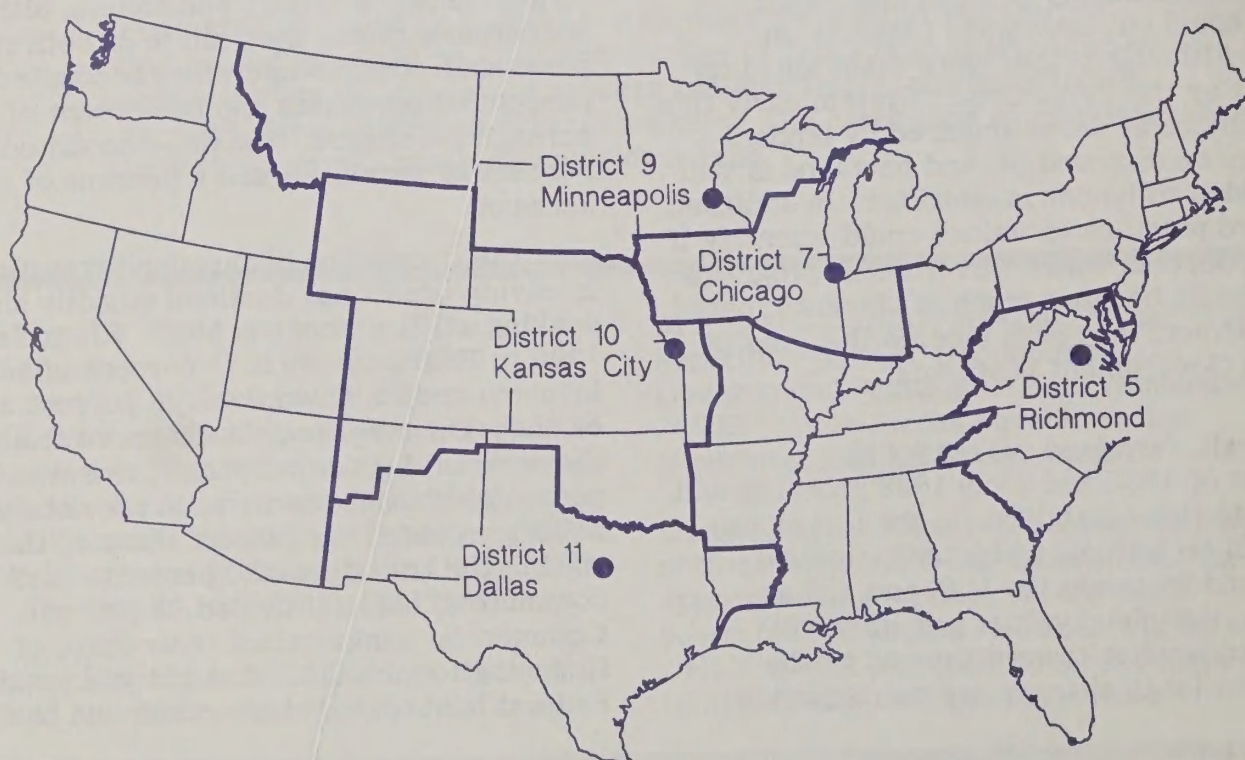
Appraisers also expected the trend toward stabilization would continue in the next quarter, as 64 percent believed that values would not change between May 1 and July 31, 26 percent expected a decrease, and 10 percent expected an increase. Again, the North Central appraisers were somewhat more optimistic, with three of every four expecting no change in value and only 12 percent expecting a decrease.

The rural appraisers' survey also confirms reports of an increase in activity in the farmland market, as 45 percent of the respondents said farmland sales increased from February through April, while only 13 percent reported a decrease.

Results of the May 1 survey are generally consistent with reports from the Federal Reserve Banks of Chicago, Kansas City, Minneapolis, Richmond, and Dallas which indicate stable values in the first quarter of 1987 in areas where values were still declining in the last quarter of 1986. The Kansas City Bank, for example, reported little change in the first quarter, in contrast to a 4-percent

Figure 1

Federal Reserve Districts Reporting Farmland Values



decline the final quarter of 1986. The Chicago bank also reported little change after a 1-percent decline in the previous quarter. Values in the Dallas Federal Reserve District also appeared to be stabilizing in the first quarter. The area served by these five Federal Reserve Banks encompasses about 51 percent of all U.S. farmland acreage and 42 percent of the total value (figure 1).

In Iowa, where the annual survey by Iowa State University showed a 17-percent decline from November 1985 to November 1986, recent evidence indicates stable to rising values and a renewed interest in farmland purchases by both farmers and nonfarm investors. Similar patterns for values have been reported in other Midwestern States including Kansas, Illinois and Indiana. In the Northeast, where values were already rising, the New England States show continuing increases.

There is some basis for the optimism concerning the land market. Farmland values are based to a large extent on expected earnings from the farm operation. Net cash income has been rising each year since 1981, and a further increase is expected in 1987. This year's anticipated increase is the result of high Government payments, farm debt reduction, improving crop and livestock prices, and gradually declining expenses. Total receipts for crops and livestock will decline, but Government payments will offset the decrease. Total expenses decreased about 9 percent from 1985 to 1986 and are expected to fall another 3 percent in 1987 because of reduced costs associated with lower crop acreage and production and lower feed costs. Off-farm income, which almost equaled net cash farm income in 1986, is expected to increase again in 1987. Off-farm income can help ease farmers' cash flow problems and contribute to savings for purchase of farmland. Thus from an income standpoint, there is substantial support for stabilization or modest increases in farmland values.

A second major factor affecting farmland values is the prevailing interest rate. The rate at which farmers can borrow determines the rate of return on the land investment required to make the farm profitable. If expected farm returns are low, demand for land falls and land prices decrease. For farmers or other

investors with cash, the expected return from the farm competes with interest on a variety of financial instruments and with the return on alternative investments. Falling interest rates on savings accounts and certificates of deposits have made land relatively a better investment over the past year. Following the general pattern of falling interest rates, farm mortgage rates have decreased in the past year. But in the past 2 months interest rates have generally increased, and the increase, if it continues, can dampen the farmland market.

The Farm Credit System became a major factor in the land market in the past quarter by offering concessionary interest rates to buyers of land from its inventory. The St. Paul Federal Land Bank in a sales campaign earlier this year featured interest rates as low as 4.9 percent. The St. Paul Bank is reported to have sold 338,000 acres in its four-State territory (Minnesota, Michigan, North Dakota, and Wisconsin) in the first quarter of 1987. This acreage represents about 10 to 15 percent of the acreage that might be expected to be sold by all sellers in a year and a larger proportion of what might be expected to sell in one quarter, depending on seasonal variations in volume of sales. The sales evidently did not, however, depress land prices, as the average sale price was reported to be 5 percent above the appraised value. The intent of concessionary rates was to maintain land prices received by the System. These actions by the System may have contributed to stable prices for the quarter. If favorable financing had not been available, sale prices would have been lower. The concessionary rates were, however, limited to 3 to 5 years and required large downpayments and therefore were not available to a large portion of prospective purchasers.

The large supply of land on the market is a continuing source of concern. Despite efforts by lenders to dispose of land acquired through foreclosure or voluntary action by delinquent borrowers, large acreages remain in the hands of lenders. Estimates of the amount of land available for sale by lenders vary widely, because some land is being taken over at the same time that other land is sold. The Farmers Home Administration (FmHA) inventory as of February 1987 included about 1.6 million acres and the Farm Credit System holds about 2.7 million acres. Commercial bank holdings have been estimated at 1.5

million and insurance companies are reported to have acquired more than 2 million acres. Thus the total held by lenders is likely to be at least 8 million acres and some estimates are much higher. However, it appears that much of the lender-owned land may be held off the market and disposed of gradually. In some cases, lenders have employed professionals to manage land they have acquired, indicating an ability and willingness to hold on to the land until it can be disposed of with minimal financial loss.

Availability of credit could affect land values in the year ahead. Although the proportion of cash sales is on the increase, about three-fourths of the sales reported in the ERS Farm Land Market Survey, this February involved some credit. Financial problems of the Farm Credit System, the Nation's largest lender, may cause some borrowers to turn to other lenders but will not restrict the amount available to qualified land buyers.

The shift of FmHA lending toward loan guarantees rather than direct loans could tighten credit if banks are unwilling to guarantee loans. Banks and insurance companies are reported to have become more cautious in lending as a result of changes in the bankruptcy laws giving borrowers more protection from creditors. The new Chapter 12 gives delinquent family farm borrowers more time to pay off their debt and reduces the debt to market value of land and other collateral. Farmers are, however, rapidly paying off existing debts. Farm real estate debt declined 9 percent from 1985 to 1986 and dropped another 4 percent in the first quarter of 1987. Farmers also are negotiating with lenders for reduction of debts through various mediation programs, and some bankers are reporting a slack demand for farm loans.

The role of Government programs in maintaining farm income will continue to affect land values. Direct payments to farmers are expected to rise from \$12 billion in 1986 to about \$16 billion in 1987 and total outlays for Federal farm programs may reach \$25 billion. Without substantial rises in market prices, any reduction in Government payments would tend to reduce farm income and land values. Also limitations on total payments to any one farmer may reduce the attractiveness of expanding farm size, and

expansion buyers are a major factor in the land market. On the whole, the heavy reliance of agriculture on Government programs makes farmer expectations of changes in farm programs as important as changes in the non-Government portion of farm income. If increased exports, for example, generate increased demand for farm commodities, the effect may be to reduce deficiency payments, and total farm income may change little.

Expectations of rural appraisers and other land market participants reflect a diversity of opinion on the direction of values in the remainder of 1987 and early 1988. In the May 1 ERS survey of rural appraisers, one-fourth of the respondents expected an increase from May 1, 1987, to May 1, 1988, while 32 percent saw a decrease and 42 percent expected no change.

Over a longer period, most studies project an eventual increase in land values beginning in the late 1980's if farm income increases in real terms. The current trend toward stabilization may be a harbinger of this upward movement. The variety of technological, macroeconomic, and global forces affecting returns to land remain uncertain. Technological changes may change the mix of farm inputs so that less land would be required in the production of food and fiber. For example, use of bovine growth hormones to stimulate milk production could reduce the acreage of land needed for dairy production and reduce land values in dairy areas, particularly land that has few alternative uses. Changes in crop production technology could have equally significant impacts.

Forces in the U.S. and world economy may have even greater effects than technological changes on farmland values. Policies designed to control inflation, stimulate exports, or reduce the Federal deficit could trigger changes in farm product prices, interest rates, and other variables that affect farmland values. The rapid rise in values during the 1970's followed by the collapse of the 1980's has made farm buyers and farm lenders cautious. This caution alone is likely to reduce the chance of a rapid upturn in values in the next several years.

MARKET DEVELOPMENTS

Farmland Values

U.S. farmland values declined again last year, but the decrease was less than in 1984 and 1985. On February 1, 1987, the average value of all farm and ranch land was \$548 per acre, 8 percent below February 1986 and the lowest since 1978 (table 1 and figure 2). Annual decreases for the previous 2 years averaged 12 percent, and values have fallen 33 percent since 1982.

Changes in value varied widely among regions (figure 3). The Northeast rose 14 percent, led by New Jersey, Pennsylvania, and New York. Values in these States and in New England appeared to be influenced by development pressures in areas near large cities. Except for the Southeast, where there was little change in value, all other regions decreased. The Delta States suffered the largest decline, 16 percent, followed by the Lake States with a 15-percent drop. These two regions include the two States with the largest decreases, Louisiana and Minnesota. In the Corn Belt and Northern Plains, where

sharp declines have occurred in the preceding 5 years, declines were smaller in 1986.

Land in Minnesota, Iowa, and Nebraska has lost more than half of its value since 1982, and Wisconsin, Ohio, Indiana, Illinois, Missouri, South Dakota, Kansas, Oklahoma, Louisiana, and Arkansas have lost from 41 to 49 percent. These 13 States account for nearly 70 percent of the \$294-billion drop in U.S. farmland values that has occurred since 1982. Values in most of these States have fallen to the levels of 1975-77. The incidence of financial stress in these States has been documented in numerous reports on the financial condition of farms.

The drop in farmland values is even more pronounced if the effects of inflation are removed. Although inflation was not a major problem in the past year, the real value of land declined 10 percent compared with 8 percent in nominal terms. Over a longer period, the erosion of values is more noticeable. Real values peaked in 1980 and have declined each year since then (figure 4). Real values in 1987 are at their lowest level

Figure 2

Percent Change in Land Value Per Acre February 1986-1987 and February 1982-1987

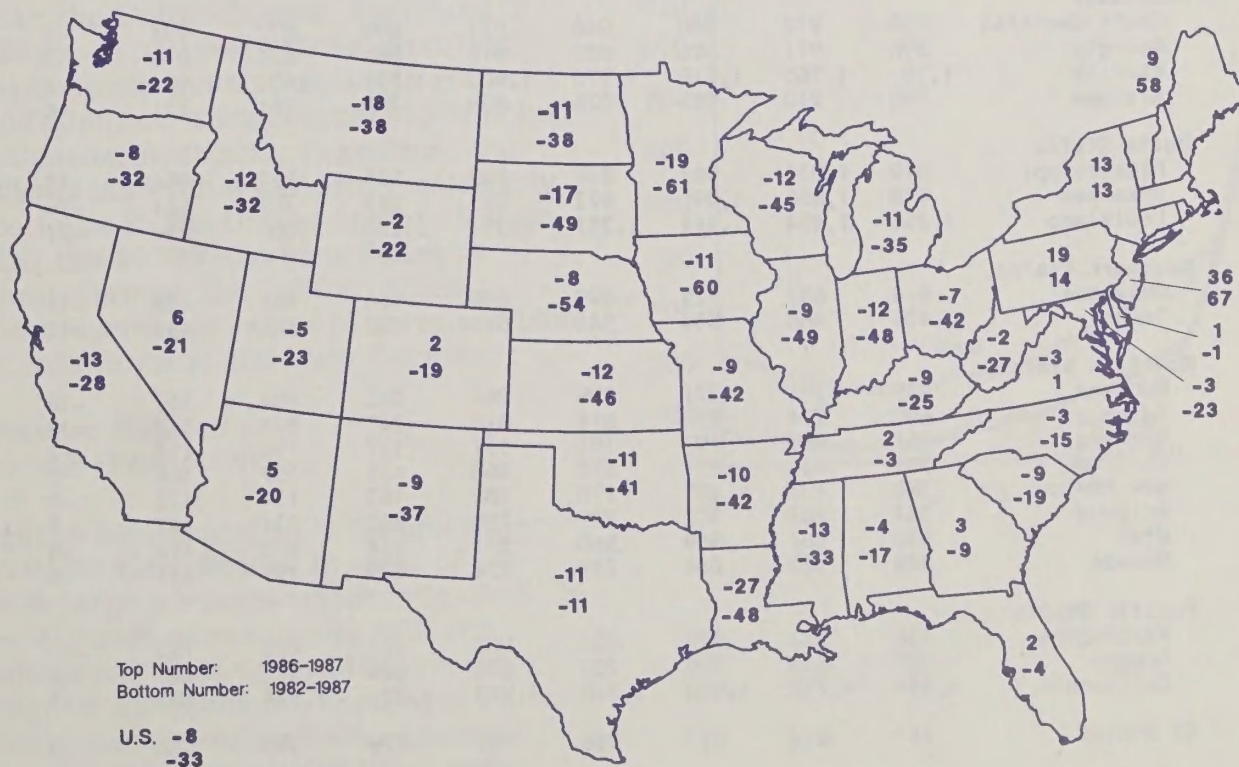


Table 1—Average value per acre of land and buildings, by State, grouped by farm production region, Feb. 1, 1980-81; April 1, 1982-85; and Feb. 1, 1986-87

State	1980	1981	1982	1983	1984	1985	1986	1987	Percent change 1986-87
Dollars									
Northeast									
Maine	594	642	680	708	750	856	993	1,082	9
New Hampshire	1,004	1,078	1,136	1,174	1,244	1,419	1,646	1,794	9
Vermont	721	774	815	842	893	1,017	1,180	1,286	9
Massachusetts	1,608	1,752	1,874	1,963	2,081	2,372	2,752	2,999	9
Rhode Island	2,523	2,646	2,729	2,760	2,926	3,335	3,869	4,217	9
Connecticut	2,387	2,517	2,610	2,655	2,814	3,208	3,721	4,056	9
New York	720	773	821	817	842	808	824	931	13
New Jersey	2,947	3,040	3,181	3,140	3,234	3,525	3,913	5,321	36
Pennsylvania	1,464	1,568	1,513	1,520	1,642	1,510	1,450	1,725	19
Delaware	1,798	1,928	1,787	1,829	1,866	1,642	1,757	1,775	1
Maryland	2,238	2,530	2,376	2,121	2,185	2,097	1,887	1,831	-3
Lake States									
Michigan	1,111	1,289	1,278	1,223	1,223	1,052	936	833	-11
Wisconsin	1,004	1,152	1,144	1,113	1,046	847	711	626	-12
Minnesota	1,086	1,281	1,272	1,165	1,083	823	609	493	-19
Corn Belt									
Ohio	1,730	1,831	1,629	1,504	1,444	1,126	1,013	942	-7
Indiana	1,863	2,031	1,804	1,610	1,594	1,259	1,058	931	-12
Illinois	2,041	2,188	2,023	1,837	1,800	1,314	1,143	1,040	-9
Iowa	1,840	1,999	1,889	1,684	1,499	1,064	841	748	-11
Missouri	902	990	945	856	856	659	606	552	-9
Northern Plains									
North Dakota	405	436	455	439	439	360	317	282	-11
South Dakota	292	329	349	348	338	250	215	178	-17
Nebraska	635	729	730	701	617	444	364	335	-8
Kansas	587	619	628	601	583	466	387	340	-12
Appalachian									
Virginia	1,028	1,118	1,096	1,125	1,114	1,091	1,146	1,111	-3
West Virginia	669	681	723	688	667	554	537	527	-2
North Carolina	1,219	1,340	1,297	1,314	1,380	1,242	1,130	1,096	-3
Kentucky	976	1,033	1,058	1,049	1,007	906	870	791	-9
Tennessee	976	1,070	1,040	1,014	1,044	982	992	1,012	2
Southeast									
South Carolina	900	972	980	946	927	899	872	794	-9
Georgia	896	971	926	929	910	865	822	846	3
Florida	1,381	1,565	1,518	1,576	1,608	1,527	1,435	1,464	2
Alabama	780	910	885	826	809	769	761	731	-4
Delta States									
Mississippi	819	1,034	981	894	939	835	752	654	-13
Arkansas	918	1,056	1,096	972	933	849	705	634	-10
Louisiana	1,256	1,454	1,414	1,351	1,351	1,256	1,005	734	-27
Southern Plains									
Oklahoma	614	681	725	699	699	566	481	428	-11
Texas	436	468	539	544	593	652	541	482	-11
Mountain States									
Montana	235	251	271	259	264	222	204	167	-18
Idaho	698	774	839	814	814	749	644	567	-12
Wyoming	161	180	193	193	197	177	154	151	-2
Colorado	387	434	451	454	468	435	357	364	2
New Mexico	185	192	195	178	182	163	134	122	-9
Arizona	267	287	302	289	295	265	231	242	5
Utah	530	567	589	560	571	514	478	454	-5
Nevada	248	262	268	249	254	229	199	211	6
Pacific States									
Washington	736	877	922	933	961	923	812	723	-11
Oregon	587	668	705	705	698	579	521	479	-8
California	1,424	1,732	1,900	1,918	1,918	1,726	1,571	1,366	-13
48 States	737	819	823	788	782	679	595	548	-8
Alaska							1,902	1,437	-24

Figure 3

Percent Change In Land Value Per Acre February 1986-1987, By Farm Production Regions



since 1965. The current period of declining values is the longest since the 1921-33 era.

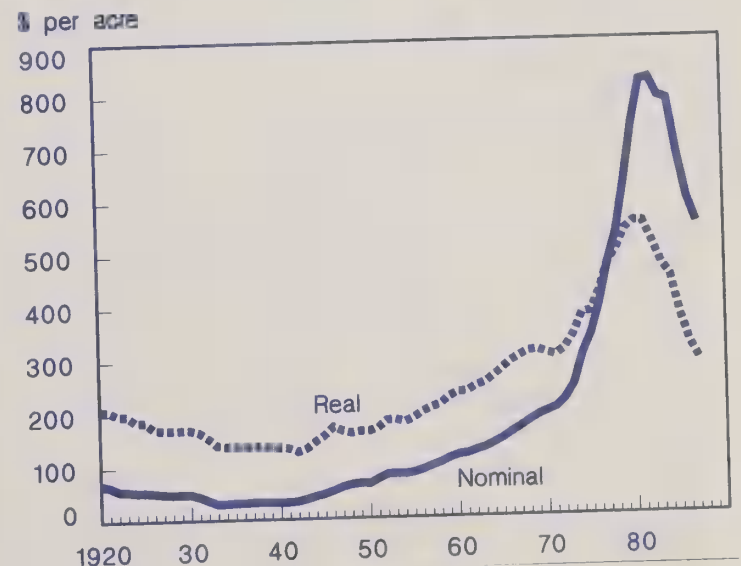
The drop in farmland values is not confined to the United States. Farmland in other nations, particularly those exporting grain, has declined in value as world grain trade has fallen. A study of wheat-producing areas in Canada, Australia, Argentina, and France shows land value patterns remarkably similar to those in the United States. Values rose during the 1970's and have fallen continuously through the 1980's. Other nations where average values of farmland have fallen include England and West Germany.

Value Changes Related to Land Use and Productivity

Irrigated land appeared to be holding up better in value than dryland in most of the States with large acreages under irrigation. In all of these States where values fell, the decrease was less on irrigated land than for the average of all farmland. However, Farm Land Market Survey respondents expressed concern over land values in irrigated areas

Figure 4

Real vs. Nominal Value Per Acre



where water supplies are declining or uncertain, including parts of the Texas High Plains and the Imperial Valley of California. High water costs were also mentioned as a factor in decreasing values of field cropland in California.

Grazing land values dropped more than other land classes in most of the States where grazing is a major land use. Evidently the improvement in the ranching economy had not been translated into higher land values at the time of the survey. Federal Reserve Bank surveys also show larger-than-average decreases for grazing land.

Many respondents to the Farm Land Market Survey mentioned that good quality land was in strong demand, while there was little demand for marginal cropland and pasture. This is what might be expected in the "buyer's market" that has characterized the major farming areas of the Nation in the past few years. With large acreages of land for sale, buyers could be very selective. At the same time, some respondents mentioned that the Conservation Reserve Program (CRP) had generated inquiries about the availability of erosive cropland that could be placed in the Program. However, newly purchased land is not eligible for the CRP. In addition, there were reports that farmers who had enrolled land in the CRP were expected to use payments from CRP land to finance additional land purchases.

Total and Average Values

Total value of farmland and buildings for the United States was \$550 billion as of February 1987, down from \$597 billion in 1986 and \$844 billion in the peak years of 1981-1982 (table 2). Buildings accounted for \$74 billion, or about 13 percent of the total (table 3). Buildings accounted for more than one-fourth of the total in the Northeast, where the average farm is smaller and livestock are more important in the operation. In the Northern and Southern Plains, and Mountain States, buildings represent less than 10 percent of the total. Some survey respondents have noted that buyers heavily discounted highly specialized buildings, such as those for confinement hog enterprises, in bidding for farmland.

The average value of land and buildings per farm dropped to less than \$250,000 in 1987, down from about \$270,000 in 1986 and \$352,000 in 1982 (table 4). Values per farm are highest in the Mountain States, mainly because of the prevalence of large farms and ranches in that region. In contrast, the Appalachian Region has a higher proportion of smaller farms with low values per acre. Arizona's farms and ranches averaged more than \$1 million each, while West Virginia farms were valued at less than \$100,000.

CASH RENTS

Data from the most recent Farm Costs and Returns Survey indicate that 43 percent of farmland was rented in 1986, somewhat higher than the 1982 Census estimate of 40 percent. Of that rented land, about 60 percent was rented for cash, although the proportion varied from less than half in the Corn Belt and Delta States to more than 75 percent in the Northeast, Lake States, and Southeast. In cash renting, the renter bears the risks associated with weather and other production hazards. In recent years some farmers who previously had operated under cash leases have negotiated lower cash rents or shifted to share rents in order to lower their cash costs or shift more of the production risks to the landlord. The shift away from cash renting is reportedly larger in the Corn Belt than in other regions.

Cash rents for whole farms were higher in 1987 than in 1986 in much of the Northeast, although they dropped in Maryland and Delaware (table 5). In nearly all the other States, rents were lower, although in some States the change was less than a dollar per acre. Rent-to-value ratios increased in some States where rents declined, because the drop in land value was larger than the decrease in rent. Ratios are generally higher in the Lake States, Corn Belt, and Northern Plains than in other regions.

Rents for cropland are better indications of the productive value of land than whole farm rents, because the latter may include payment for land with little economic use as well as farm buildings and houses. There were many reports in late 1986 and early 1987 for large decreases in cropland rents, particularly on land of low productivity or with a small base acreage eligible for participation in Government price support programs. New

Table 2--Total value of land and buildings, by State,
grouped by farm production region, 1981-1987

State	Feb. 1 1981	Apr. 1 1982	Apr. 1 1983	Apr. 1 1984	Apr. 1 1985	Feb. 1 1986	Feb. 1 1987
Million dollars							
Northeast							
Maine	1,027	1,074	1,104	1,170	1,301	1,509	1,645
New Hampshire	588	613	634	678	766	856	933
Vermont	1,393	1,385	1,431	1,517	1,627	1,533	2,057
Massachusetts	1,226	1,293	1,315	1,415	1,613	1,871	2,039
Rhode Island	212	205	207	214	243	282	308
Connecticut	1,258	1,279	1,328	1,351	1,540	1,675	1,825
New York	7,498	7,800	7,762	7,910	7,353	7,170	8,102
New Jersey	3,131	3,245	3,140	3,137	3,314	3,600	4,896
Pennsylvania	13,955	13,314	13,224	14,282	13,137	12,322	14,663
Delaware	1,253	1,179	1,189	1,231	1,067	1,124	1,136
Maryland	7,084	6,534	5,727	5,899	5,452	4,718	4,577
Lake States							
Michigan	14,695	14,569	13,942	13,942	11,993	10,580	9,416
Wisconsin	21,427	21,164	20,257	18,832	14,992	12,522	11,019
Minnesota	38,942	38,669	35,416	32,937	25,019	18,271	14,799
Corn Belt							
Ohio	29,479	26,064	23,914	22,813	17,791	16,012	14,891
Indiana	34,121	30,307	26,726	26,140	20,648	17,132	15,077
Illinois	63,014	58,060	52,722	51,667	37,712	32,809	29,856
Iowa	67,366	63,659	56,751	50,358	35,750	28,243	25,136
Missouri	30,987	29,484	26,707	26,536	20,297	18,613	16,938
Northern Plains							
North Dakota	18,007	18,655	17,999	17,999	14,724	12,894	11,475
South Dakota	14,706	15,530	15,486	15,021	11,125	9,568	7,941
Nebraska	34,773	34,675	33,227	29,117	20,957	17,185	15,810
Kansas	29,898	30,332	29,028	27,983	22,368	18,527	16,304
Appalachian							
Virginia	10,956	10,740	11,025	10,803	10,474	10,997	10,667
West Virginia	3,064	3,108	2,752	2,536	1,994	1,935	1,896
North Carolina	15,276	14,397	14,454	15,177	13,414	12,206	11,840
Kentucky	15,082	15,341	15,211	14,602	13,137	12,612	11,476
Tennessee	14,445	15,936	13,588	13,995	13,159	12,894	13,152
Southeast							
South Carolina	6,123	5,880	5,487	5,192	4,945	4,796	4,365
Georgia	14,080	12,964	12,727	12,291	11,678	10,683	11,003
Florida	20,658	19,886	20,488	20,898	19,851	18,660	19,033
Alabama	10,829	10,443	9,582	9,309	8,844	8,374	8,039
Delta States							
Mississippi	15,096	14,224	12,784	13,330	11,774	10,521	9,153
Arkansas	17,213	17,755	15,746	15,023	13,584	11,063	9,957
Louisiana	14,685	14,423	13,645	13,645	12,686	10,048	7,335
Southern Plains							
Oklahoma	23,154	24,288	23,417	23,067	18,678	15,876	14,130
Texas	64,397	73,951	74,528	81,117	88,346	72,515	64,539
Mountain States							
Montana	15,487	16,666	15,877	16,141	13,542	12,459	10,216
Idaho	11,610	12,501	12,129	11,966	10,861	9,018	7,936
Wyoming	6,300	6,755	6,755	6,851	6,160	5,359	5,252
Colorado	15,407	15,875	15,799	16,180	14,964	12,199	12,443
New Mexico	8,986	8,970	8,188	8,315	7,335	5,961	5,425
Arizona	10,849	11,325	10,838	11,054	9,938	8,646	9,078
Utah	6,917	7,127	6,720	6,740	5,962	5,449	5,177
Nevada	2,332	2,385	2,216	2,235	2,015	1,753	1,858
Pacific States							
Washington	14,382	15,121	15,208	15,472	14,860	12,996	11,566
Oregon	12,091	12,690	12,690	12,563	10,422	9,328	8,581
California	58,195	63,460	63,678	63,294	56,785	51,518	44,820
48 States	843,657	843,304	804,765	793,946	686,194	597,235	549,781

Table 3--Farm buildings: Total value of farm buildings, by State,
grouped by farm production region, 1981-1987

State	Feb. 1 1981	Apr. 1 1982	Apr. 1 1983	Apr. 1 1984	Apr. 1 1985	Feb. 1 1986	Feb. 1 1987
Million dollars							
Northeast							
Maine	365	378	385	404	444	510	550
New Hampshire	184	190	194	206	230	255	275
Vermont	439	432	442	463	492	565	610
Massachusetts	472	493	496	529	597	685	739
Rhode Island	50	48	48	49	55	63	68
Connecticut	394	396	407	410	463	498	538
New York	2,405	2,477	2,440	2,462	2,266	2,187	2,447
New Jersey	722	741	710	702	734	790	1,063
Pennsylvania	3,841	3,628	3,567	3,814	3,473	3,225	3,799
Delaware	230	214	213	219	188	196	196
Maryland	1,445	1,319	1,145	1,167	1,068	915	879
Lake States							
Michigan	3,288	3,227	3,057	3,027	2,578	2,251	1,983
Wisconsin	6,131	5,995	5,680	5,228	4,120	3,407	2,968
Minnesota	5,899	5,799	5,258	4,841	3,640	2,632	2,110
Corn Belt							
Ohio	4,699	4,112	3,736	3,528	2,724	2,427	2,235
Indiana	4,594	4,040	3,527	3,415	2,670	2,194	1,911
Illinois	5,116	4,666	4,195	4,070	2,941	2,533	2,282
Iowa	7,269	6,801	6,002	5,273	3,706	2,898	2,554
Missouri	4,510	4,248	3,809	3,747	2,837	2,576	2,321
Northern Plains							
North Dakota	1,836	1,883	1,799	1,781	1,442	1,250	1,102
South Dakota	1,616	1,690	1,668	1,602	1,174	1,000	822
Nebraska	2,892	2,855	2,708	2,349	1,674	1,359	1,238
Kansas	2,989	3,003	2,845	2,715	2,148	1,762	1,535
Appalachian							
Virginia	2,365	2,295	2,332	2,262	2,171	2,257	2,168
West Virginia	752	756	662	604	470	452	438
North Carolina	3,221	3,005	2,987	3,105	2,717	2,448	2,351
Kentucky	3,210	3,233	3,173	3,016	2,686	2,553	2,300
Tennessee	3,289	3,141	3,032	3,092	2,878	2,792	2,819
Southeast							
South Carolina	1,097	1,043	964	903	851	817	736
Georgia	2,244	2,046	1,988	1,901	1,788	1,619	1,651
Florida	1,902	1,813	1,849	1,867	1,756	1,634	1,650
Alabama	2,144	2,047	1,859	1,788	1,682	1,577	1,499
Delta State							
Mississippi	2,197	2,049	1,823	1,882	1,646	1,456	1,254
Arkansas	2,403	2,454	2,154	2,035	1,821	1,469	1,309
Louisiana	1,701	1,654	1,549	1,534	1,411	1,107	800
Southern Plains							
Oklahoma	2,705	2,809	2,681	2,615	2,096	1,764	1,554
Texas	5,738	6,523	6,508	7,013	7,561	6,144	5,414
Mountain States							
Montana	1,303	1,388	1,309	1,318	1,095	997	809
Idaho	1,552	1,654	1,589	1,552	1,394	1,146	999
Wyoming	592	629	623	625	556	479	465
Colorado	1,739	1,774	1,748	1,772	1,622	1,309	1,322
New Mexico	890	879	794	799	698	561	506
Arizona	870	899	852	860	765	659	685
Utah	966	985	919	913	799	723	680
Nevada	284	287	264	264	236	203	213
Pacific States							
Washington	2,378	2,475	2,464	2,482	2,360	2,043	1,800
Oregon	2,143	2,226	2,204	2,160	1,774	1,572	1,432
California	6,337	6,842	6,796	6,688	5,940	5,335	4,595
48 States	115,405	113,540	107,458	105,048	90,442	79,296	73,673

Table 4—Average value of land and buildings per farm, by State,
grouped by farm production region, 1981-1987

State	Feb. 1 1981	Apr. 1 1982	Apr. 1 1983	Apr. 1 1984	Apr. 1 1985	Feb. 1 1986	Feb. 1 1987
Million dollars							
Northeast							
Maine	126,800	136,000	136,400	146,300	166,810	193,500	210,915
New Hampshire	172,800	180,400	186,500	199,500	225,371	267,487	291,555
Vermont	169,900	184,700	190,900	207,800	232,457	269,650	293,919
Massachusetts	201,000	212,000	215,600	232,000	268,827	311,839	339,904
Rhode Island	258,100	255,800	258,800	284,800	324,607	376,544	410,433
Connecticut	292,700	297,400	308,700	329,500	384,960	440,678	480,339
New York	159,500	162,500	158,400	168,300	167,109	170,719	192,912
New Jersey	329,600	341,500	330,500	333,700	380,862	433,702	589,835
Pennsylvania	228,800	221,900	224,100	246,200	226,500	218,081	259,517
Delaware	358,000	337,000	339,700	342,000	304,943	351,388	354,902
Maryland	389,200	363,000	318,100	331,400	311,554	277,544	269,218
Lake States							
Michigan	226,100	227,600	217,800	221,300	193,432	173,442	154,363
Wisconsin	232,900	235,200	230,200	219,000	180,625	152,708	134,383
Minnesota	374,400	375,400	347,200	326,100	260,617	196,458	159,131
Corn Belt							
Ohio	313,600	280,300	259,900	253,500	199,897	181,951	169,215
Indiana	392,200	356,600	318,200	318,800	258,095	219,647	193,289
Illinois	588,900	558,300	527,200	549,700	419,020	377,118	343,177
Iowa	570,900	544,100	493,500	445,600	322,076	259,108	230,606
Missouri	258,200	249,900	226,300	226,800	176,497	161,850	147,284
Northern Plains							
North Dakota	467,700	504,200	493,100	507,000	433,059	390,720	347,741
South Dakota	387,000	414,100	418,500	406,000	304,795	265,764	220,584
Nebraska	534,900	550,400	535,900	485,300	355,200	301,484	277,365
Kansas	398,600	404,400	387,000	378,100	310,667	264,668	232,908
Appalachian							
Virginia	185,700	179,000	190,100	192,900	193,956	219,946	213,347
West Virginia	138,000	139,400	120,700	115,300	94,971	92,122	90,280
North Carolina	169,700	167,400	174,100	192,100	176,495	167,211	162,194
Kentucky	146,400	148,900	147,700	144,600	131,370	127,389	115,924
Tennessee	152,000	146,700	143,000	144,300	134,273	134,309	136,995
Southeast							
South Carolina	185,600	189,700	189,200	185,400	179,800	174,406	158,709
Georgia	234,600	227,400	231,400	241,400	233,550	218,015	224,556
Florida	516,500	497,100	512,200	522,400	509,000	478,460	488,029
Alabama	190,000	189,900	177,400	172,400	163,769	161,046	154,604
Delta State							
Mississippi	269,600	268,400	250,700	266,600	245,281	228,717	198,984
Arkansas	296,800	311,500	281,200	273,200	256,302	221,266	199,140
Louisiana	386,500	384,600	373,800	379,000	352,378	279,111	203,751
Southern Plains							
Oklahoma	317,200	332,700	320,800	316,000	263,070	223,610	199,013
Texas	340,700	393,400	398,500	433,800	499,130	453,222	403,367
Mountain States							
Montana	648,000	694,400	661,500	675,400	568,992	527,908	432,885
Idaho	477,800	506,100	495,000	486,400	441,484	375,748	330,659
Wyoming	677,400	742,300	734,200	752,800	684,400	608,960	596,781
Colorado	570,600	577,300	585,200	599,200	560,449	458,614	467,787
New Mexico	641,800	640,700	584,900	594,000	531,522	438,326	398,877
Arizona	1,390,800	1,415,600	1,321,600	1,331,800	1,169,118	1,005,305	1,055,570
Utah	501,300	509,100	480,000	481,400	428,950	397,768	377,000
Nevada	752,200	822,500	820,800	859,600	806,080	730,510	774,341
Pacific States							
Washington	364,100	387,700	400,200	407,200	391,061	341,996	304,376
Oregon	331,300	343,000	338,400	339,500	281,676	252,100	231,932
California	701,100	773,900	796,000	811,500	718,803	652,122	567,346
48 States	347,300	352,000	340,300	341,800	302,361	270,322	248,843

Table 5--Farms rented for cash: Gross cash rents per acre and ratio of rent to value, selected States, 1984-87

State	Rent per acre				Ratio of rent to value			
	1984	1985	1986	1987	1984	1985	1986	1987
	Dollars				Percent			
Northeast								
New Jersey	54.60	41.68	44.63	58.22	1.4	1.3	1.1	0.8
Pennsylvania	38.82	35.83	34.75	39.30	2.5	2.3	2.4	2.5
Delaware	66.22	63.26	64.02	59.51	3.8	3.6	3.6	3.1
Maryland	57.15	57.51	52.46	49.05	3.0	2.4	3.2	2.5
Lake States								
Michigan	47.72	46.05	43.87	41.51	4.5	5.1	5.5	6.1
Wisconsin	56.14	53.24	43.69	42.44	5.3	6.5	6.7	6.8
Minnesota	64.15	60.04	52.85	48.24	6.3	7.6	9.0	9.1
Corn Belt								
Ohio	71.78	72.18	65.88	58.44	4.9	6.1	6.5	6.0
Indiana	93.60	92.70	83.06	74.26	6.1	7.1	7.7	7.4
Illinois	119.95	103.78	100.07	86.08	5.9	7.1	7.8	7.6
Iowa	109.17	98.40	82.98	75.70	6.6	8.5	9.0	9.3
Missouri	52.53	46.62	42.08	38.56	6.9	8.0	8.2	7.4
Northern Plains								
North Dakota	27.36	25.68	26.89	23.37	6.5	7.4	8.1	7.7
South Dakota	21.66	20.35	20.90	18.40	6.9	8.4	8.4	10.2
Appalachian								
Virginia	33.33	29.42	30.23	30.52	3.5	2.8	3.1	2.6
North Carolina	39.57	45.82	35.63	29.62	3.1	3.7	3.4	2.6
Kentucky	47.11	42.04	45.96	43.22	4.6	4.7	5.5	6.2
Tennessee	44.21	35.41	41.15	34.87	5.1	4.1	5.4	4.2
Southeast								
South Carolina	26.33	24.74	22.10	19.76	2.9	3.2	2.8	2.8
Georgia	28.90	28.32	25.43	24.99	3.7	4.5	3.9	3.2
Alabama	24.32	27.06	24.65	23.76	4.1	4.3	3.7	3.8
Delta States								
Mississippi	35.34	37.23	28.48	24.71	4.3	4.9	4.5	4.2
Arkansas	35.82	--	39.68	34.27	4.5	--	5.8	5.8

Table 6--Cropland rented for cash: Gross cash rent per acre
and ratio of rent to value, selected States, 1984-87

State	Rent per acre				Ratio of rent to value			
	1984	1985	1986	1987	1984	1985	1986	1987
	Dollars				Percent			
Northeast								
Vermont	31.32	28.25	26.01	31.30	3.8	4.1	3.0	3.2
New York	35.79	34.78	30.81	31.98	5.4	5.0	5.1	4.2
New Jersey	48.43	43.18	45.96	48.00	1.2	1.1	0.9	0.5
Pennsylvania	38.01	42.98	37.18	40.01	2.1	2.5	2.7	2.5
Delaware	66.90	66.77	64.48	61.42	3.8	3.8	3.7	3.0
Maryland	58.33	63.62	54.46	50.81	2.8	2.7	3.3	2.7
Lake States								
Michigan	54.14	51.09	47.73	41.87	3.7	5.5	5.8	5.9
Wisconsin	58.26	53.08	48.83	44.83	5.8	6.3	7.0	7.3
Minnesota	68.43	62.19	53.85	47.78	6.5	7.8	8.7	9.0
Corn Belt								
Ohio	79.96	72.64	70.32	63.22	5.2	5.4	6.5	5.6
Indiana	103.13	95.70	85.55	77.00	6.0	7.3	7.5	7.5
Illinois	119.30	110.07	99.92	85.69	5.8	7.2	7.7	7.6
Iowa	117.30	102.65	87.61	80.29	6.8	8.4	9.3	9.8
Missouri	67.05	56.54	54.42	48.31	7.3	8.5	9.0	9.1
Northern Plains								
North Dakota	32.42	31.74	29.69	28.24	6.7	7.6	8.1	8.4
South Dakota	30.77	29.35	26.44	25.48	7.0	8.3	9.2	10.0
Nebraska								
(Nonirrigated)	56.87	47.10	46.72	42.26	8.0	8.6	10.4	10.3
(Irrigated)	113.80	92.53	86.29	81.21	8.4	9.6	10.6	11.6
Kansas								
(Nonirrigated)	34.10	32.38	30.34	28.60	5.9	7.2	8.0	7.8
(Irrigated)	63.52	61.50	58.40	59.67	7.2	8.7	9.8	10.4
Appalachian								
Virginia	36.75	37.63	--	37.66	3.5	3.0	—	3.2
North Carolina	43.56	41.44	39.50	33.66	3.1	2.0	3.5	2.8
Kentucky	55.80	50.67	53.63	53.31	4.8	5.2	6.0	6.8
Tennessee	50.66	45.76	47.35	39.90	5.1	4.8	5.8	4.8
Southeast								
South Carolina	27.93	27.00	25.46	22.40	3.0	3.5	2.9	3.2
Georgia	32.68	30.32	27.84	26.17	3.9	4.3	3.2	3.9
Alabama	30.45	29.49	29.66	28.52	4.4	4.7	4.3	4.4
Delta States								
Mississippi	43.75	40.96	34.95	31.19	4.9	5.2	5.1	5.0
Arkansas	49.50	50.97	48.21	44.43	5.5	6.4	6.5	6.5
Southern Plains								
Oklahoma								
(Nonirrigated)	27.76	28.52	26.52	22.96	3.5	4.2	4.7	4.8
(Irrigated)	51.42	39.60	--	37.17	4.7	5.0	—	8.3
Texas								
(Nonirrigated)	22.62	21.32	20.22	19.90	2.5	1.9	2.2	2.3
(Irrigated)	50.73	43.61	39.64	40.63	5.0	4.6	5.1	5.4

Table 7--Pasture rented for cash: Gross cash rent per acre and ratio of rent to value, selected States, 1984-87

State	Rent per acre				Ratio of rent to value			
	1984	1985	1986	1987	1984	1985	1986	1987
	Dollars				Percent			
Northeast								
Vermont	14.08	16.96	--	14.43	2.8	3.8	--	2.7
Pennsylvania	15.97	19.67	17.96	18.61	1.4	2.2	2.2	1.9
Lake States								
Wisconsin	25.73	23.20	21.98	20.22	5.5	5.9	6.7	7.2
Minnesota	23.42	19.13	15.99	14.51	5.9	5.4	6.4	7.0
Corn Belt								
Ohio	22.50	25.87	24.87	25.14	2.9	4.2	4.9	5.3
Indiana	34.43	36.52	35.60	35.67	3.8	5.5	5.8	6.4
Illinois	39.25	34.26	31.91	27.73	4.8	5.8	6.2	6.1
Iowa	40.95	35.95	29.19	28.08	6.0	7.6	7.7	8.5
Missouri	22.23	18.89	22.05	19.40	3.8	4.9	6.2	5.4
Northern Plains								
North Dakota	9.86	9.00	7.78	7.83	5.1	5.6	5.8	6.7
South Dakota	8.83	8.11	7.34	6.26	5.5	7.3	7.5	8.7
Nebraska	13.05	12.38	8.87	9.83	6.1	8.5	7.6	9.4
Kansas	13.60	13.08	13.22	10.81	3.8	4.5	5.9	5.5
Appalachian								
Virginia	24.26	22.28	20.02	22.81	3.1	2.5	2.7	2.8
North Carolina	24.96	21.40	20.64	19.18	1.9	2.0	1.9	1.7
Kentucky	27.91	27.75	24.83	24.31	3.3	3.8	4.2	4.4
Tennessee	21.01	23.25	23.65	21.64	4.4	3.9	4.2	3.0
Southeast								
South Carolina	19.18	16.96	16.11	15.64	2.7	2.7	2.4	2.3
Georgia	21.00	21.03	19.38	19.24	2.9	3.2	3.2	2.9
Alabama	16.43	16.61	17.12	17.08	2.8	3.7	3.3	3.5
Delta States								
Mississippi	17.85	19.12	14.02	12.77	3.0	3.2	2.7	2.4
Arkansas	17.93	--	17.64	14.06	2.9	--	3.4	3.1
Southern Plains								
Oklahoma	10.07	11.98	12.93	10.21	1.9	2.6	3.4	3.0
Texas	8.05	8.26	7.78	7.74	1.2	0.9	1.0	1.0

data substantiate these reports. Cropland rents, like whole farm rents were down in 1987 in all regions except the Pacific and Northeast (figure 4). Decreases were largest in the Delta, Appalachian, Corn Belt, and Lake States. In some States, rents dropped less than the decrease in values, so the ratio of rents to values increased. Ratios increased in all of the Lake States and Southeast and in most of the Northern Plains (Table 6). Ratios have reached 9.0 or above in several States, indicating a high rate of return on investment at current land values.

Pasture rents declined in all of the Lake States and in most States in the other regions (table 7). However, rent-to-value ratios were higher because of changes in the value of pasture land. As with cropland, rent-to-value ratios were higher in the Lake States, Corn Belt, and Northern Plains than in other regions.

In the Western States, much of the grazing land is rented on an animal unit per month basis. Rents for this land have moved lower in most of the States covered by the USDA June Enumerative Survey (Table 8).

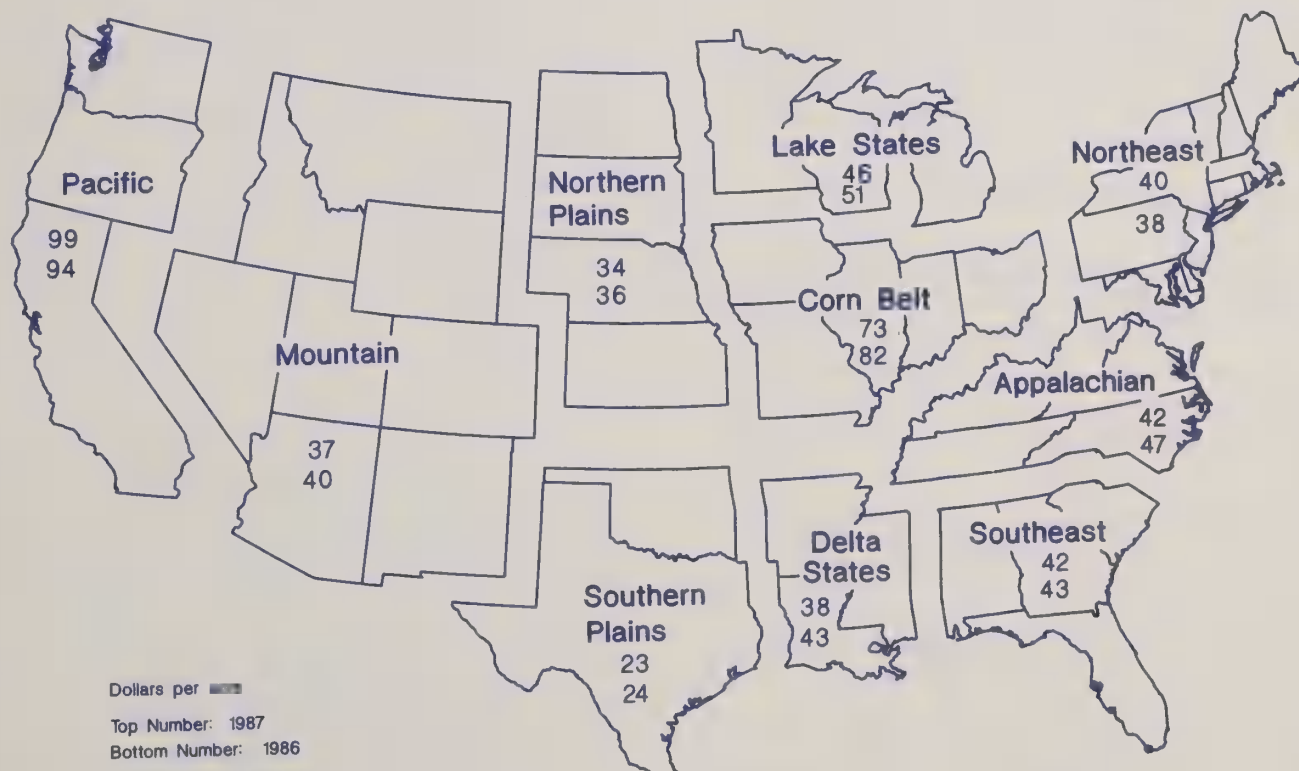
Table 8—Cattle grazing rates on privately owned non-irrigated land, 1984-85 1/

State	1984	1985	1986
Dollars per animal unit month			
Arizona	2/	2/	5.82
California	10.44	8.21	7.93
Colorado	8.92	8.49	3.28
Idaho	7.83	6.97	7.51
Kansas	9.59	10.36	8.17
Montana	9.48	8.80	8.30
Nebraska	12.64	11.25	9.75
Nevada	2/	2/	2.95
New Mexico	6.80	5.77	5.98
North Dakota	8.23	6.97	7.63
Oklahoma	5.63	6.52	5.08
Oregon	6.52	8.57	7.69
South Dakota	9.71	9.10	9.19
Texas	8.63	7.92	8.79
Utah	7.05	9.94	5.34
Washington	8.74	8.07	9.77
Wyoming	9.12	9.64	8.31
16- State average 3/	9.56	9.06	8.33
11- State average 4/	8.86	8.40	8.10
9- State average 5/	9.81	9.35	8.50

1/ Based on the June Enumerative Acreage and Livestock Survey. 2/ Insufficient number of reports was received to furnish an accurate estimate of grazing rates. 3/ All States Except Texas. 4/ Excludes Kansas, Nebraska, North Dakota, Oklahoma, South Dakota, Texas. 5/ Excludes Arizona, California, Idaho, Montana, Nevada, Oregon, Utah, Washington.

Figure 5

Cash Rents for Cropland, by Farm Production Regions



FARMLAND TRANSFERS

The annual Farm Land Market Survey obtains detailed information on transfers of farmland, including occupation and status of buyer and seller, expected use of the transferred parcel of land, sale values, financial aspects of transfers, and comments by respondents concerning the local farmland market. The number of reported sales increased about 5 percent for the year ending February 1, 1987, consistent with comments by some respondents that sales activity was picking up toward the end of 1986 and early in 1987.

In both the 1986 and 1987 surveys, respondents were asked to estimate the proportion of transfers in their counties that were voluntary or estate sales, family transfers, and foreclosures. In both years, voluntary and estate sales accounted for the largest proportion of transfers—57 percent in 1986 and 54 percent in 1987. Foreclosures remained an important cause of transfers, increasing from 22 percent in 1986 to 26 percent in 1987. Since some transfers are initiated to avoid foreclosure, the proportion involving financial difficulties for the seller is higher than the foreclosure numbers alone would indicate. Intra-family and other transfers accounted for the remaining 20 percent in 1987 and 21 percent in 1986. The high proportion of transfers involving foreclosures is indicative of the continuing financial stress for some farmers even while average farm income is increasing and farm debt is declining.

Farmland Buyers and Sellers

Farmers, as might be expected, are the most important buyers and sellers of farmland in terms of the number, acreage, and value of parcels transferred. Owner-operators, including those who operate rented land in addition to their own land, accounted for 56 percent of the purchases, 60 percent of the acreage, and 56 percent of the value of land purchased, slightly smaller proportions than in 1986 (table 9). Nonfarmers increased their proportion of the market, particularly in acreage purchased. The increase in nonfarmer purchasers was most noticeable in the Mountain States, although nonfarmers gained in eight of the ten production regions. Tenant-operators purchasing land for the first

time accounted for one in ten parcels of land, 8 percent of the acreage and 7 percent of the value. Retired farmers continued to make up a very small proportion of buyers.

Sellers of land were classified as estates, active farmers, retired farmers, and nonfarmers (table 10). Active farmers who remained in farming after the sale were the largest group of sellers, accounting for one-fourth of the acreage and almost one-third of the value of tracts sold. Farmers who quit farming after the sale and estates were about equal in terms of the number, acreage, and value of tracts sold. Sales by nonfarmers represented a larger share of the market in 1987 than in 1986, especially in the number of parcels and acreage sold. It appears that nonfarmers were more active in the market, as both buyers and sellers, in 1987 than in 1986.

Many farmers, rural residents, and farm organizations have expressed concern that investors in the farmland market, including corporations and foreign buyers, posed a threat to family farms. However, it appears from the survey results and other studies that nonfarmers are disposing of land as well as acquiring it, and that much of the land is being sold to family farmers wishing to expand their operations. The annual Agricultural Foreign Investment Disclosure Act (AFIDA) report indicates that foreign buyers continue to account for only a very small proportion of U.S. farmland ownership, although the total foreign-owned land increased about 369,000 acres from 1986 to 1987. The total is less than 1 percent of all U.S. farmland and less than one-half of 1 percent of all land in the United States.

Land Tenure Before and After Sale

Owner-operators farmed nearly half of the acreage transferred in the year before the sale, and tenant operators farmed 41 percent. About 6 percent was farmed by hired managers and 5 percent was not farmed. In most cases, the new owner was expected to farm the land after the sale. About 72 percent of the parcels and 68 percent of the acreage sold were expected to be owner-operated and 17 percent to be operated by tenants. Hired managers were expected to farm 11 percent of the acreage up from 8

Table 9--Farmland buyers: Percentage of purchases, acres, and value by type of buyer, years ending March 1, 1985 and Feb. 1, 1986-87 ^{1/}

Region	Buyer											
	Tenant			Owner-operator ^{2/}			Retired farmer			Nonfarmer		
	1985	1986	1987	1985	1986	1987	1985	1986	1987	1985	1986	1987
Percentage of purchases												
Northeast	13	10	10	56	51	48	1	1	1	29	38	41
Lake States	13	10	16	70	59	58	1	2	1	16	29	25
Corn Belt	12	11	11	62	61	58	2	3	4	23	25	27
Northern Plains	12	12	12	77	70	69	1	2	2	10	16	16
Appalachian	11	8	9	54	49	47	2	2	2	34	41	42
Southeast	9	3	3	54	49	45	*	1	1	37	48	50
Delta	16	10	12	50	57	47	1	1	3	33	32	38
Southern Plains	14	8	12	57	56	47	1	4	4	28	33	37
Mountain	9	12	5	67	69	69	2	1	2	21	17	23
Pacific	4	11	5	72	53	65	1	3	2	23	32	28
48 States	12	10	10	63	58	56	1	2	3	24	30	31
Percentage of acres												
Northeast	15	10	11	55	57	49	2	1	1	28	32	39
Lake States	15	14	17	70	56	59	1	2	1	14	29	23
Corn Belt	12	11	10	61	58	53	2	3	3	25	28	34
Northern Plains	13	9	9	75	63	71	1	1	1	12	26	18
Appalachian	10	7	8	53	53	52	1	2	1	36	38	40
Southeast	8	2	3	62	55	55	*	*	*	30	43	42
Delta	13	10	5	61	66	42	1	1	2	26	24	51
Southern Plains	10	4	7	58	55	64	1	3	2	31	37	27
Mountain	3	10	3	60	83	69	1	1	1	36	7	27
Pacific	2	6	6	64	63	48	2	4	2	32	27	43
48 States	8	8	8	63	65	60	1	2	1	28	25	31
Percentage of value												
Northeast	11	8	7	58	49	47	2	1	1	29	43	46
Lake States	14	12	18	73	60	60	1	2	1	11	26	21
Corn Belt	13	12	10	62	59	59	2	4	4	23	25	27
Northern Plains	11	11	11	76	63	72	1	3	2	11	23	15
Appalachian	10	6	6	50	54	49	2	1	1	38	39	44
Southeast	7	2	2	63	47	52	*	*	*	29	50	46
Delta	14	11	7	63	67	43	1	1	1	23	21	49
Southern Plains	12	4	7	55	46	45	1	4	2	32	46	46
Mountain	5	8	2	56	69	61	1	1	2	38	22	35
Pacific	2	6	6	70	62	65	1	3	2	26	29	27
48 States	9	8	7	63	58	56	1	2	2	27	32	35

^{1/} Percentages may not add to 100 because of rounding. ^{2/} Includes part and full-owner operators.

* = Less than 0.5 percent.

Table 10--Farmland sellers: Percentage of sales, acres, and value by type of seller for years ending March 1, 1985 and Feb. 1, 1986-87 1/

Region	Type of seller														
	Estate			Active farm operator Remained in farming			Retired or quit			Retired farmer			Nonfarmer/ nonfarm business		
	1985	1986	1987	1985	1986	1987	1985	1986	1987	1985	1986	1987	1985	1986	1987
	Percentage of sales														
Northeast	12	8	13	23	18	25	23	29	27	18	19	14	23	27	21
Lake States	14	12	12	24	21	20	26	23	20	15	17	14	22	27	34
Corn Belt	29	24	25	23	22	19	17	21	18	14	12	12	18	20	26
Northern Plains	22	20	22	33	26	22	21	22	16	11	13	13	14	18	27
Appalachian	20	25	20	20	22	22	19	23	22	11	9	10	22	20	26
Southeast	17	12	12	26	27	25	20	21	22	9	10	11	20	30	29
Delta	15	11	11	25	28	30	22	25	24	11	11	9	28	24	26
Southern Plains	23	16	16	27	36	30	19	16	13	12	8	8	20	23	33
Mountain	10	10	13	38	44	32	26	21	16	8	8	11	18	17	27
Pacific	13	7	9	38	37	30	21	21	9	8	10	13	20	26	30
48 States	21	18	18	26	26	24	21	22	19	12	12	12	20	22	28
Percentage of acres															
Northeast	13	7	13	22	17	21	28	36	34	18	15	13	19	25	18
Lake States	14	14	13	23	18	17	29	27	21	14	17	13	20	24	36
Corn Belt	30	24	20	19	21	17	20	23	18	14	12	12	17	20	33
Northern Plains	19	12	19	34	26	27	25	32	15	11	11	9	11	18	30
Appalachian	28	27	20	22	21	20	20	25	28	10	7	9	20	20	24
Southeast	20	11	16	22	22	24	25	22	24	7	11	6	18	34	30
Delta	16	9	13	25	22	37	20	26	12	9	6	4	30	37	33
Southern Plains	23	22	32	27	32	31	15	20	11	15	6	5	20	19	21
Mountain	20	6	19	24	37	29	25	30	10	3	4	10	19	22	32
Pacific	26	13	6	26	33	30	11	26	6	6	6	21	32	22	37
48 States	22	15	18	25	28	25	26	27	16	8	9	10	19	22	30
Percentage of values															
Northeast	12	10	18	23	16	27	31	31	29	15	15	9	19	29	17
Lake States	16	11	13	23	24	17	32	30	22	13	16	15	16	19	34
Corn Belt	34	27	25	19	21	19	18	21	16	12	11	13	17	20	27
Northern Plains	19	15	20	34	26	26	23	25	17	11	11	12	14	23	26
Appalachian	25	27	17	23	30	21	22	23	25	11	5	6	19	15	30
Southeast	25	9	13	28	36	40	20	21	23	8	7	4	18	26	21
Delta	18	8	9	25	26	41	20	26	14	7	5	4	30	34	33
Southern Plains	24	18	16	30	29	35	13	15	14	10	4	6	22	34	28
Mountain	14	6	13	34	49	52	29	20	10	5	4	7	18	21	18
Pacific	16	10	8	42	40	46	17	20	8	5	11	8	20	19	30
48 States	21	16	16	29	30	32	22	22	18	9	9	9	19	23	25

1/ Percentages may not add to 100 because of rounding.

Table 11—Farmland transfers: Average acres per sale and price per acre by probable use of property 5 years after purchase, by region and all States, years ending Feb 1, 1986-87

Region	Agr'l only		Forestry		Recreation		Rural Residence		Sub-division		Commercial/Industrial	
	1986	1987	1986	1987	1986	1987	1986	1987	1986	1987	1986	1987
Northeast												
Acres per sale	148	153	—	—	216	102	79	98	111	111	—	—
Price per acre	1,111	1,292	—	—	542	1,389	1,774	1,220	2,842	4,087	—	—
Lake States												
Acres per sale	130	148	—	111	78	110	55	75	—	—	—	—
Price per acre	822	650	—	331	404	393	779	711	—	—	—	—
Corn Belt												
Acres per sale	131	137	131	99	118	214	74	72	76	120	74	—
Price per acre	925	890	575	438	529	310	804	972	1,210	1,048	1,548	—
Northern Plains												
Acres per sale	394	324	—	—	—	—	—	—	—	—	—	—
Price per acre	254	260	—	—	—	—	—	—	—	—	—	—
Appalachian												
Acres per sale	133	146	111	107	99	145	79	75	136	175	106	97
Price per acre	955	848	371	424	618	674	946	911	1,473	1,324	1,280	2,261
Southeast												
Acres per sale	190	254	209	228	289	200	72	130	147	162	204	152
Price per acre	688	930	513	492	597	520	1,438	1,466	1,710	1,722	1,509	4,883
Delta												
Acres per sale	230	291	119	114	160	765	85	55	—	—	—	—
Price per acre	767	691	475	361	590	345	949	731	—	—	—	—
Southern Plains												
Acres per sale	348	412	—	—	394	215	91	156	424	121	—	—
Price per acre	483	380	—	—	941	857	1,198	735	1,866	2,597	—	—
Mountain												
Acres per sale	1,023	1,005	—	—	1,377	2,551	757	158	—	319	—	—
Price per acre	277	257	—	—	261	238	313	769	—	591	—	—
Pacific												
Acres per sale	164	243	—	—	—	—	—	34	—	—	—	—
Price per acre	2,281	1,552	—	—	—	—	—	3,239	—	—	—	—
All States												
Acres per sale	260	252	152	168	310	468	111	93	173	143	111	113
Price per acre	580	599	483	476	493	394	828	1,035	1,935	2,129	2,402	3,361

percent last year, and 4 percent was not expected to be farmed. The increase in importance of hired managers after the sale may be the result of the increased acreage of land that has been reported to be under the supervision of professional farm management services. Some new nonfarm owners may be turning to professional managers rather than having tenants operating their land.

Land Use After Sale

Respondents were asked how they expected land to be used 5 years from the date of transfer. Nearly four-fifths of the land was expected to remain in agriculture, with minor amounts expected to be used for forestry, recreation, individual rural residences, subdivisions, and commercial or industrial development. In the Plains, Lake States, and Corn Belt more than 90 percent was expected to remain in agriculture. In contrast, in the Southeast only 63 percent was expected to

stay in agriculture and 16 percent was expected to shift to forestry.

Sale Prices

Sale prices per acre declined about 16 percent from 1986 to 1987 (table 12) continuing the downward trend that followed the peak year of 1982. Prices have decreased 34 percent since 1982, compared with the decline of 33 percent in the value per acre of all farmland from 1982 to 1987.

Financial Aspects of Farmland Transfers

Transfers involving credit accounted for 73 percent of all transfers in 1987, down from 76 percent in 1986 (table 13). The decrease is consistent with the downward trend in the use of credit that began following the 1980 peak of 91 percent. The Lake States had the highest proportion of transfers involving

Table 12--Farmland Transfers: Average acres per sale and price per acre,
by region and 48 States, years ending March 1, 1980-85 and
Feb. 1, 1986-87¹

Region	1980	1981	1982	1983	1984	1985	1986	1987
Northeast								
Acres per sale	152	140	131	114	143	132	138	138
Price per acre	1103	1142	1237	1282	1142	1182	1248	1658
Lake States								
Acres per sale	142	164	154	126	147	129	121	140
Price per acre	1217	1257	1329	1201	1119	945	806	666
Corn Belt								
Acres per sale	133	132	125	127	133	127	129	134
Price per acre	1890	2006	1819	1468	1459	1187	944	870
Northern Plains								
Acres per sale	330	338	314	307	270	297	387	323
Price per acre	529	565	536	505	525	408	265	265
Appalachian								
Acres per sale	123	136	102	105	112	110	123	131
Price per acre	1164	1096	1078	987	1151	981	984	961
Southeast								
Acres per sale	241	194	225	191	181	210	185	219
Price per acre	1024	1080	1130	1118	1234	935	1064	1037
Delta								
Acres per sale	218	201	220	223	224	164	196	277
Price per acre	972	1224	1351	1226	1120	924	793	662
Southern Plains								
Acres per sale	320	315	449	305	340	324	325	356
Price per acre	592	581	528	678	647	598	792	448
Mountain								
Acres per sale	1214	1329	1064	934	1009	1380	1051	977
Price per acre	310	290	382	382	364	306	274	273
Pacific								
Acres per sale	406	384	287	270	225	245	165	245
Price per acre	1386	1429	1973	1693	2211	1856	2079	1447
48 States								
Acres per sale	265	263	271	219	232	259	245	236
Price per acre	856	886	919	858	888	747	725	607

1/ The regional and national average price per acre is a weighted average of the sales for each of the States in the region. Mountain region and U.S. average price per acre excludes Arizona.

Table 13--Credit-financed farmland transfers: Percentage of transfers on which debt was incurred, by region, years ending March 1, 1945-85 and Feb. 1, 1986-87

Year	North-east	Lake States	Corn Belt	Northern Plains	Appalachian	South east	Delta States	Southern Plains	Mountain	Pacific	U.S.
Percent											
1945	51	55	46	45	31	40	37	49	43	41	44
1950	65	66	57	48	47	56	52	58	59	65	58
1955	70	75	65	53	54	60	62	59	68	74	64
1960	71	77	71	60	53	65	65	60	74	74	67
1965	75	83	77	67	66	58	66	68	80	80	73
1970	81	83	79	81	66	74	75	72	83	83	78
1975	87	91	89	88	86	88	83	87	87	86	88
1976	90	88	88	84	84	84	83	81	90	87	87
1977	85	94	91	89	86	85	81	87	88	89	88
1978	90	93	91	90	85	87	85	86	88	89	89
1979	91	95	93	92	87	86	85	87	91	92	90
1980	93	95	93	94	88	86	87	88	93	92	91
1981	89	95	93	93	86	86	85	88	88	91	90
1982	88	94	91	91	83	88	83	85	89	92	89
1983	86	91	85	85	80	82	85	80	84	88	84
1984	84	90	85	85	78	82	82	81	88	89	84
1985	85	87	77	78	81	82	83	81	85	86	82
1986	82	83	72	69	75	74	82	76	78	78	76
1987	76	79	70	64	76	72	76	68	71	75	73

Table 14--Credit-financed farmland transfers: Ratio of debt to purchase price, by region, March 1, 1945-85 and Feb. 1, 1986-87

Year	North-east	Lake States	Corn Belt	Northern Plains	Appalachian	South east	Delta States	Southern Plains	Mountain	Pacific	U.S.
Percent											
1945	60	60	53	56	58	61	62	54	58	57	57
1950	61	60	50	51	56	57	64	57	62	60	57
1955	62	61	52	57	59	66	66	55	64	61	59
1960	64	66	60	64	65	68	67	65	73	70	65
1965	70	74	69	71	71	74	76	71	75	72	72
1970	71	78	72	74	72	61	82	73	70	77	73
1975	76	77	76	78	78	83	74	77	74	74	76
1976	76	78	76	74	78	80	68	75	73	76	76
1977	77	79	77	80	78	80	76	75	75	75	77
1978	76	78	76	81	81	82	80	72	70	73	76
1979	80	81	80	82	81	82	80	78	77	72	79
1980	80	82	79	83	81	79	87	68	75	71	78
1981	78	83	79	81	83	80	80	80	69	73	78
1982	77	82	78	81	78	78	82	76	74	70	77
1983	76	81	76	80	78	79	80	76	69	71	76
1984	80	81	78	76	80	76	87	76	73	73	77
1985	78	81	76	77	78	79	87	79	72	69	76
1986	77	77	73	79	81	83	85	82	72	71	77
1987	76	81	73	74	78	81	81	81	82	72	77

Table 15—Credit-financed farmland transfers. Percentage of credit volume extended, by type of lender, and region, years ending March 1, 1979-85 and Feb. 1, 1986-87.

Regions and type of lender	1979	1980	1981	1982	1983	1984	1985	1986	1987
Percent									
Northeast									
Sellers	23	35	38	38	29	29	32	28	31
Commercial banks	13	10	6	6	9	16	17	24	27
Insurance companies	3	1	—	—	1	1	0	0	2
Federal land banks	32	33	34	35	39	27	23	20	19
Others	29	21	22	21	22	27	27	28	20
Total	100	100	100	100	100	100	100	100	100
Lake States									
Sellers	56	55	59	60	44	44	49	53	41
Commercial banks	5	3	2	4	6	10	12	16	30
Insurance companies	4	3	1	1	1	3	1	1	0
Federal land banks	20	28	28	25	38	32	24	17	18
Others	15	11	10	10	11	11	15	13	10
Total	100	100	100	100	100	100	100	100	100
Corn Belt									
Sellers	31	34	38	37	37	32	27	30	20
Commercial banks	6	3	4	4	10	15	16	38	45
Insurance companies	8	8	4	5	5	4	8	3	7
Federal land banks	42	42	44	44	37	36	33	16	15
Others	14	12	10	10	10	13	16	12	13
Total	100	100	100	100	100	100	100	100	100
Northern Plains									
Sellers	41	41	44	35	32	27	25	49	24
Commercial banks	3	2	3	4	4	7	14	20	36
Insurance companies	5	4	3	3	2	4	4	10	2
Federal land banks	31	36	34	39	42	43	39	14	23
Others	20	16	16	19	21	20	19	7	14
Total	100	100	100	100	100	100	100	100	100
Appalachian									
Sellers	23	24	21	27	17	17	26	27	15
Commercial banks	11	10	9	12	20	27	25	35	54
Insurance companies	4	3	2	2	4	1	1	0	1
Federal land banks	37	38	42	38	33	33	25	18	13
Others	25	24	26	21	26	24	23	20	16
Total	100	100	100	100	100	100	100	100	100
Southeast									
Sellers	31	25	25	14	17	24	22	24	35
Commercial banks	5	4	3	5	19	9	10	16	23
Insurance companies	8	7	1	3	1	7	1	2	12
Federal land banks	34	47	46	63	50	41	43	34	17
Others	22	17	25	15	12	20	23	23	12
Total	100	100	100	100	100	100	100	100	100
Delta States									
Sellers	18	19	20	15	13	19	15	9	19
Commercial banks	9	5	6	5	15	14	18	27	22
Insurance companies	24	15	3	15	3	3	9	10	3
Federal land banks	30	37	47	44	42	38	29	34	12
Others	20	24	24	21	26	27	30	19	44
Total	100	100	100	100	100	100	100	100	100
Southern Plains									
Sellers	38	30	43	43	31	23	24	30	15
Commercial banks	6	4	7	5	9	13	11	13	23
Insurance companies	8	17	6	1	9	3	3	18	9
Federal land banks	28	21	29	34	27	37	35	25	24
Others	20	28	15	17	25	23	28	14	29
Total	100	100	100	100	100	100	100	100	100
Mountain									
Sellers	40	60	46	56	41	22	50	42	52
Commercial banks	1	1	1	1	2	3	3	3	8
Insurance companies	25	8	9	5	7	18	1	1	2
Federal land banks	20	19	35	27	35	37	29	27	26
Others	14	12	9	10	15	20	17	26	11
Total	100	100	100	100	100	100	100	100	100
Pacific									
Sellers	58	54	49	56	52	30	39	31	30
Commercial banks	4	2	4	1	2	6	7	9	12
Insurance companies	14	3	10	6	1	17	5	1	21
Federal land banks	16	29	31	26	31	38	32	49	24
Others	8	13	6	11	13	9	17	10	12
Total	100	100	100	100	100	100	100	100	100
48 States									
Sellers	36	38	40	41	33	28	33	32	30
Commercial banks	6	4	4	4	9	11	13	21	28
Insurance companies	10	7	4	4	4	7	3	5	7
Federal land banks	31	34	37	37	37	36	31	25	19
Others	17	17	15	14	16	18	20	17	16
Total	100	100	100	100	100	100	100	100	100

credit, while the lowest proportion was in the Northern Plains. The continuing decrease in the use of credit for land purchases is consistent with reports from survey respondents and other sources that an increasing number of farmers are paying cash for land to add to their existing holdings.

The ratio of debt to purchase price for all credit sales was 77 percent in 1987 (table 14). This ratio has been remarkably stable for many years, varying from 76 to 79 percent since 1975.

Sellers provided the largest share of credit for land purchases in 1987 at 30 percent, although their share declined from 1986 (table 15). When land values peaked in 1981-82, sellers accounted for 40-41 percent. Seller financing is often an inducement to a buyer, because sellers frequently offer lower interest rates than institutional lenders. There is some evidence of relatively low seller rates during the peak years of land value. Commercial banks increased their share of credit for farmland transfers from 21 percent in 1986 to 28 percent in 1987, while the share issued by Federal land banks declined from 25

to 19 percent. Commercial banks have increased their share each year since 1982, when they accounted for only 4 percent of the financing. The declining share of credit provided by the land banks reflects the financial problems experienced by the Farm Credit System in the past few years.

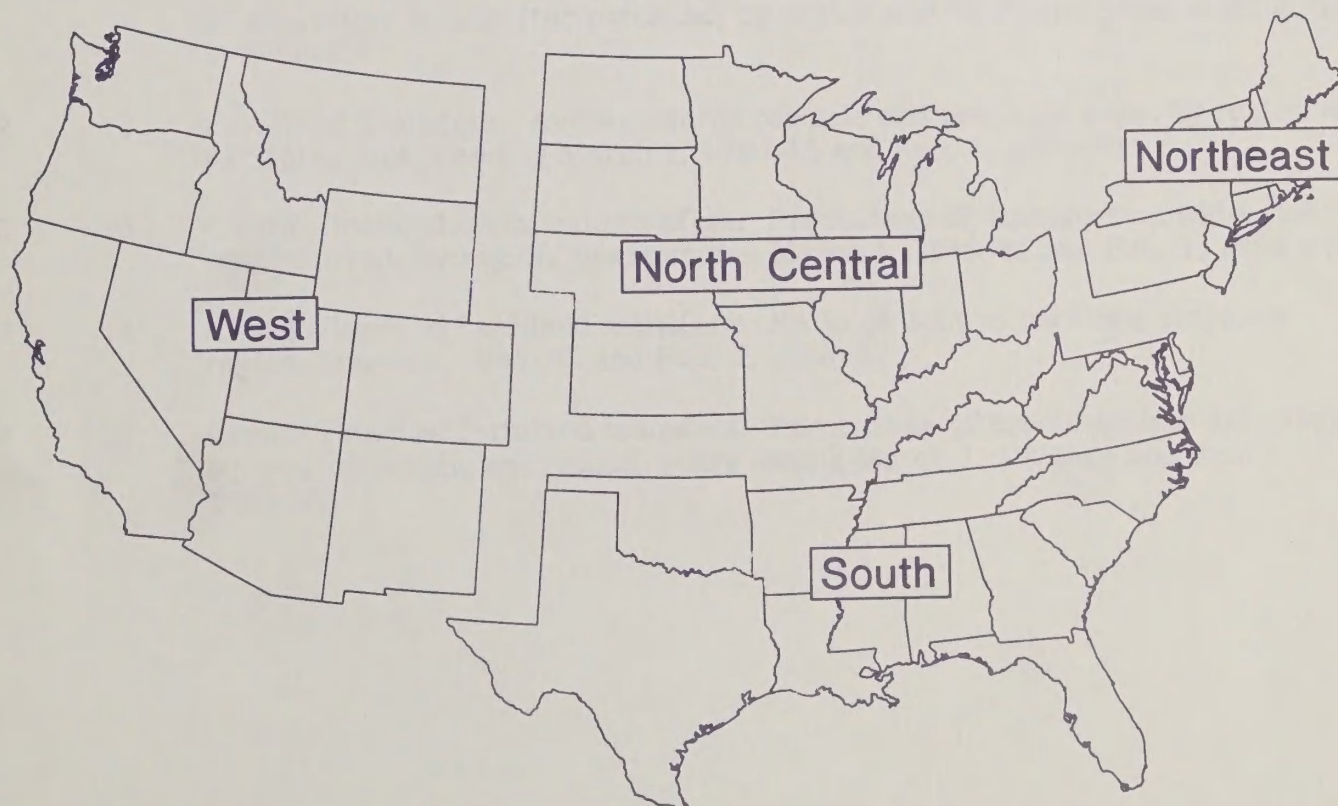
NEW SURVEYS OF FARMLAND VALUES AND TRANSFERS

A three-part survey of rural appraisers who are members of the American Society of Farm Managers and Rural Appraisers (ASFMRA) was initiated by ERS in cooperation with the ASFMRA and the University of Wisconsin. The purpose of the survey is to provide estimates of short-term changes in land values and activity in the land market.

The survey is conducted by the Wisconsin Survey Research Laboratory (WSRL) using a computer-assisted telephone survey technique to facilitate data collection and processing. Respondents are asked to estimate the change in value of farmland in the 3 months preceding the survey, the change expected in the 3

Figure 6

Census Regions of the United States



months and 12 months following the survey, and the change in volume of transfers in the 3 months preceding the survey. The results are summarized by Census regions (figure 5).

The first survey in 1987 was conducted in May. It provided new evidence of stabilizing farmland values, confirming reports from April surveys of bankers by the Federal Reserve Banks. It will be repeated in August and November to identify further changes in the land market. ERS will continue to publish only one annual estimate of dollar values of farmland, but the survey results will be useful in evaluating intra-year variations in value.

A new three-part survey of rural land transfers is being conducted by ERS in cooperation with the National Agricultural Statistics Service. Its scope is broader than the annual Farm Land Market Survey, in that it covers all rural land. The Farm Land

Market Survey includes only farmland tracts of 10 or more acres. The new survey also includes all transactions in a specific geographic area, while the Farm Land Market Survey asks respondents to report no more than five transfers.

The first part of the new survey asked tax assessment officials to report all transfers in their jurisdictions during the survey period. It was estimated that 5 percent of all rural land parcels, 3.3 percent of the acreage, and 3.5 percent of the assessed value changed hands from July 1985 through June 1986. The second and third parts of the survey are now in progress. They will ask grantees (recipients) of rural land about the type of ownership rights acquired, manner in which the property was acquired, sale price and financing arrangements, current and planned use of land, owner and operator characteristics, and private costs of acquiring the property.

Figure 5. Census Regions of the United States



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